



UNITED STATES MARINE CORPS
Commanding General
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Marine Corps Air Ground Combat Center
Twentynine Palms, California 92278-8100

5200.1C
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19 Jul 99

COMBAT CENTER ORDER 5200.1C

From: Commanding General
To: Distribution List

Subj: MARINE CORPS INTERNAL MANAGEMENT CONTROL PROGRAM

Ref: (a) Section 3512 of Title 31, United States Code (Public Law 97-255/Federal Managers' Financial Integrity Act (FMFIA) of 1982) (NOTAL)
(b) Office of Management and Budget Circular No. A-123, Revised, "Management Accountability and Control," 21 Jun 95 (NOTAL)
(c) SECNAVINST 5200.35D "Department of the Navy Management Control Program," 10 Dec 1997 (NOTAL)
(d) MCO 5200.24C

Encl: (1) Checklist for Internal Management Control Program
(2) Management Control Officer Appointment Letter
(3) Control System Personnel Identification Certification
(4) Guidance for Completion of Management Control Evaluations
(5) Format for Annual Management Control Certification Statement (Statement of Assurance)
(6) Format for Reporting Accomplishments/Material Weaknesses

Report Required: Statement of Assurance, para 7.

1. Purpose. To establish revised policy, procedures and reporting requirements for the Marine Corps Internal Management Control Program at the Combat Center in consonance with references (a) through (d), and clarify management control and accountability. This is a complete revision and should be read in its entirety.

2. Cancellation. CCO 5200.1B.

3. Background. Commanders/managers are responsible for ensuring that resources under their cognizance are used efficiently and effectively, and that programs and operations are discharged with integrity and in compliance with applicable laws and regulations. The Internal Management Control Program is one tool available to assist you in the discharge of this duty. Other tools such as command inspections, evaluations, reviews, analyses, audits and investigations are available as well. Implementation of the Marine Corps Internal Management Control Program establishes a system of management controls put forth in this guidance which encompasses ALL programs and functions within the Marine Corps, and not just the comptroller functions of budgeting, recording, and accounting for revenues and expenditures. Using the standards in appendix A to enclosure (1) of reference (d), commanders/managers will incorporate basic internal management controls in the strategies, plans, guidance and procedures governing all their programs and operations.

4. Action. All Combat Center Commanding Officers, Directors and Officers-in-Charge shall:

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a. Take appropriate measures to ensure effective implementation of the Combat Center's internal management control program for their respective organizations and all levels of their chain of command. Enclosure (1) is a checklist, which is provided to assist with performing internal management control program requirements.

b. Appoint Management Control Officers in writing for all assessable units within their purview using the format contained at enclosure (2). The appointee will sign an endorsement acknowledging the appointment and its inherent responsibilities as delineated by the letter. The Director, Comptroller Directorate (REA) will be a copy addressee on these appointment letters and endorsements.

c. Take appropriate measures to ensure that all military and civilian personnel responsible for systems of control are identified, and that fitness reports/performance appraisal systems for these individuals reflect any management control responsibilities, accomplishments, deficiencies and corrective actions undertaken. Accomplishment of this action and identification of the personnel responsible for management control systems shall be annually certified by 31 August of each year using the format contained at enclosure (3).

d. Perform management control evaluations as directed by the Commanding General. Guidance on performing management control evaluations is contained at enclosure (4). The two types of management control evaluations (Management Control Reviews (MCRs) and Alternative Management Control Reviews (AMCRs) are defined in enclosure (1) of reference (d). Internal Management Control Program accomplishments and material weaknesses shall be summarized with an estimated date of completion for all planned corrective action as part of the Management Control Evaluation and Certification Statement (Statement of Assurance). The Statement of Assurance shall be submitted in the format of enclosure (5) to the Commanding General, and sent to the Comptroller Directorate (REA) via the assessable unit's chain of command (i.e. appropriate Officer-In-Charge, Commanding Officer, or Director) enclosing the management control evaluation.

The Statement of Assurance shall be based on the completed Management Control Review and must take one of three forms:

(1) An unqualified statement of assurance ("I have reasonable assurance that...").

(2) A qualified statement of assurance ("I have reasonable assurance that ... except for"). The material weaknesses that preclude an unqualified statement will be included.

(3) A negative statement ("I do not have reasonable assurance that ...") The basis of this position will be summarized in the Statement of Assurance. A copy of this documentation will be kept on file at the assessable unit by the Management Control Officer.

5. Summary of Revision. This revision contains a substantial number of changes and must be completely reviewed.

6. Information

a. Definitions. The terms, standards, and other applicable concepts used in this instruction are defined in enclosure (1) of reference (d).

b. Policy. All Combat Center Commands and Directorates shall maintain effective internal management control systems. All levels of Combat Center Command and management shall:

(1) Establish controls consistent with the standards contained in this guidance;

(2) Continually monitor and improve the effectiveness of controls employed for their programs.

c. Responsibilities

(1) The Director, Comptroller Directorate, Resource Evaluation and Accounting (REA) Division is assigned cognizance over the Combat Center's Internal Management Control Program, and shall:

(a) Develop program policy and procedures.

(b) Provide management, coordination and oversight of the Combat Center's program.

(c) Establish and maintain the Combat Center's assessable unit inventory.

(d) Establish and maintain the Combat Center's Management Control Plan in accordance with the requirements delineated by reference (d).

(e) Periodically review internal management controls to evaluate the adequacy of control systems and system documentation. This recurring requirement for such review will be reflected in the annual plan of the Review Branch, Resource Evaluation and Accounting Division. Compliance with this order shall also be evaluated as part of all other reviews conducted by the Review Branch, REA Division.

(f) Consolidate the results of management control evaluations completed by commanders and managers as required in reference (d) and annually prepare the Combat Center's Statement of Assurance and Results of Management Control Evaluations submission to CMC.

(g) Monitor and perform follow-up on all material weaknesses reported by assessable unit management control evaluations.

(h) Provide training as necessary.

(2) The Chief of Staff is the responsible officer for internal control systems and will direct the Internal Management Control Program in a manner that provides reasonable assurance that a control-conscious environment is maintained at the Combat Center.

7. Reserve Applicability. This Order is applicable to the Marine Corps Reserve.

//signed//
D. T. LENNOX
Chief of Staff

DISTRIBUTION: A-2

Internal Management Control Program Checklist

Completion of this checklist is not a substitute for performing a MCR or using the results of an AMCR, however, it will reduce the amount of time required to perform the review.

1. Applicable Guidance: Is applicable guidance (MCO 5200.24C and CCO 5200.1C) available to personnel responsible for internal management controls?

(1) Yes _____ (2) No _____

2. Responsibilities of the assessable unit:

a. Has the Management Control Officer been assigned specific responsibility for implementing the Internal Management Control Program at the assessable unit?

(1) Yes _____ (2) No _____

b. Are managers evaluated on how effectively they administer internal management controls? (e.g., are significant accomplishments/deficiencies documented in appropriate military/civilian performance appraisals?)

(1) Yes _____ (2) No _____

c. Have responsible managers and the Management Control Officer received training on how to perform management control evaluations?

(1) Yes _____ (2) No _____

3. Performance of AMCRS:

a. Does the AMCR assist in determining overall compliance by testing controls and is it fully documented?

(1) Yes _____ (2) No _____

b. Has the results of the AMCR been reported in the Statement of Assurance following the format in enclosure (5) of this Order and forwarded to the Director, Comptroller Directorate (REA)?

(1) Yes _____ (2) No _____

4. Performance of MCRS:

a. Has the person responsible for conducting the management control evaluation been assigned and trained to conduct the MCR?

(1) Yes _____ (2) No _____

b. Has the desired scope of the MCR been defined to describe what will be reviewed?

(1) Yes _____ (2) No _____

c. Have target dates for start and completion of the MCR been established?

(1) Yes _____ (2) No _____

ENCLOSURE (1)

d. Have the functions and responsibilities of the assessable unit been described?

(1) Yes _____ (2) No _____

e. Has the guidance applicable to the assessable unit been listed? (e.g., MCO, CCO, instructions, SOPS, etc.)

(1) Yes _____ (2) No _____

f. Are current copies of the applicable guidance readily available for appropriate personnel?

(1) Yes _____ (2) No _____

g. Does applicable guidance provide adequate policies and procedures for the assessable unit?

(1) Yes _____ (2) No _____

h. Have the actions (steps) to accomplish the functions of the assessable unit, including input and output processes been identified?

(1) Yes _____ (2) No _____

i. If these actions (steps) are identified in an organizational manual, directive, SOP, etc., is the appropriate guidance listed?

(1) Yes _____ (2) No _____

j. Have the potential risks for fraud, waste, abuse and mismanagement of the assessable unit's resources been identified?

(1) Yes _____ (2) No _____

k. Have internal management controls that are designed to reduce or eliminate potential for fraud, waste, abuse or mismanagement of the assessable unit's resources been identified?

(1) Yes _____ (2) No _____

l. Have the assessable unit's internal management controls been tested?

(1) Yes _____ (2) No _____

m. Is the testing of the internal management controls fully documented? Have the transactions, documents, reports, etc. that were used in the test, steps and actions observed, personnel interviewed and their assessable unit responsibilities been identified?

(1) Yes _____ (2) No _____

n. Have applicable internal control standards from appendix A to enclosure (1) of reference (d) that are not being complied with been identified?

(1) Yes _____ (2) No _____

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o. Have the results of the MCR been included in the statement of assurance, prepared in the format of enclosure (5) and forwarded to the Director, Comptroller Directorate (REA) via the assessable unit's chain of command?

(1) Yes _____ (2) No _____

p. If action required to correct an internal management control weakness is outside of the assessable unit's responsibility, has the individual, division or organization that has responsibility been identified and provided with a copy of the report with supporting documentation?

(1) Yes _____ (2) No _____

q. Have copies of statements of assurance, MCRs, AMCRs and all supporting documentation been maintained in the assessable unit's Management Control Officer files?

(1) Yes _____ (2) No _____

ENCLOSURE (1)

Management Control Officer Appointment Letter

Heading

5200
Office Code
Date

From: Commanding Officer/Director/Officer-In-Charge
To: (Name and SSN of Responsible Civilian) or (Name, Rank,
SSN/MOS of Responsible Military)

Subj: APPOINTMENT AS MANAGEMENT CONTROL OFFICER

Ref: (a) CCO 5200.1C
(b) MCO 5200.24C

1. You are hereby appointed as Management Control Officer for this activity, effective this date per reference (a).
2. You are responsible for ensuring that Management Control Evaluations are performed for this activity when directed by the Commanding General. You will ensure that the Management Control Review or Alternate Management Control Review is prepared in the proper format and that the results are included in this activity's Statement of Assurance. You will prepare the Statement of Assurance for this activity and ensure that it is submitted to the Commanding General (Comptroller, REA) when required. You will ensure that the individual conducting the Management Control Evaluation has been properly trained. You will prepare this activity's Control System Personnel Identification Certification and ensure that it is submitted to the Commanding General (Comptroller, REA). You will maintain copies of all management control program documentation on file. You are directed to thoroughly familiarize yourself with the references.
2. You will indicate by endorsement hereto, your notification of appointment to this position. This appointment may be revoked at any time. Revocation of your duties will be in writing, addressed to you and reflecting the effective date.
3. A signed copy of this letter of appointment, with accepting endorsement, will be maintained in the Management Control Program file of this activity.

Signature

ENCLOSURE (2)

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SSIC
Office Code
Date

FIRST ENDORSEMENT

From: (Name and SSN of Responsible Civilian) or (Name, Rank,
SSN/MOS of Responsible Military)
To: Commanding Officer/Director/Officer-In-Charge

Subj: APPOINTMENT AS MANAGEMENT CONTROL OFFICER

1. I have read and understand the instructions contained in this appointing letter and procedures contained in the references which apply to the Management Control Program. I have received copies of the references.
2. I acknowledge receipt of this appointment as Management Control Officer and agree to carry out my responsibilities to the best of my abilities.

Signature

ENCLOSURE (2)

Control System Personnel Identification Certification

Heading

5200
Office Code
Date

From: Commanding Officer/Director/Officer-In-Charge

To: Commanding General (Comptroller/REA)

Subj: CONTROL SYSTEM PERSONNEL IDENTIFICATION CERTIFICATION

Ref: (a) CCO 5200.1C

(b) MCO 5200.24C

Encl: (1) LIST OF CONTROL SYSTEM PERSONNEL

1. The personnel identified in the enclosure are responsible for this Directorate's/Command's/Unit's control systems. Their Reporting Senior or Supervisor has been informed of these additional responsibilities. The fitness reports or performance appraisals for these individuals do reflect their management control responsibilities, accomplishments, deficiencies and corrective actions undertaken as required by the references.

Signature

ENCLOSURE (3)

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Control System Personnel

| Name | Rank/Grade | SSN | Billet/Title | Extension |
|------|------------|-----|--------------|-----------|
|------|------------|-----|--------------|-----------|

ENCLOSURE (3)

Guidance for Completion of Management Control Evaluations

1. General. A Management Control Evaluation is a detailed examination of an organizational program, function or resource (assessable unit) to determine if adequate controls exist and are implemented in a cost effective manner.
2. Management must determine the most appropriate and effective form of Management Control Evaluation to be performed. It is emphasized that a Management Control Review (MCR) or Alternative Management Control Review (AMCR) should be performed for an entire assessable unit.
3. Performance of AMCR. The AMCR should determine the overall effectiveness of operational compliance with the internal management controls. The AMCR should identify weaknesses or deficiencies in the internal management control system that need to be corrected. This type of review may use procedures developed for other organizational purposes that provide adequate information on the effectiveness of control techniques. AMCRs may also use the results of audits, computer security reviews, quality assessments, financial systems reviews, inspections and studies by external agencies or command organizations. AMCRs must be documented and should include testing of controls.
4. Performance of MCR. The MCR is a detailed examination by the responsible commander/officer-in-charge/director/manager of the system of management controls in an assessable unit to determine the adequacy of controls, and to identify and correct deficiencies. MCRs should be conducted only when a reliable alternative source of information is not available and the review is expected to produce otherwise unavailable documentation of what was done and what was found. The following procedures will be followed when performing a MCR: Each step will be documented. Adequate MCR documentation includes the Statement of Assurance and a written description of internal management controls, how controls were tested, results of the test, who performed the test, and findings and recommended corrective actions. Documentation should be sufficient to be understandable to a reasonably knowledgeable reviewer. The MCR documentation must be retained by the assessable unit's Management Control Officer. Adherence to the preceding steps will simplify reporting procedures. The results from the performance of a MCR will be reported by assessable unit's Statement of Assurance (See enclosure (5)).

a. Planning

(1) The desired scope of the MCR to be performed must be defined to describe what will be reviewed.

(2) Personnel to conduct the MCR must be assigned and target dates for completion of the MCR must be established.

b. Describe the Functional Responsibilities. Describe the functions and responsibilities of the assessable unit (What am I supposed to do?).

(1) Describe the functions and responsibilities of the assessable unit as it relates to your command or activity (e.g., mission statement, standing operating procedures (SOP), etc.).

(2) List the guidance which applies to the assessable unit (e.g., Marine Corps Orders, Combat Center Orders, instructions, notices, SOPS, etc.).

ENCLOSURE (4)

(3) Ensure that current copies of the applicable guidance are readily available.

(4) Identify any guidance that is not locally available, is outdated or provides inadequate policy and procedures. The existence of this situation indicates a weakness in the assessable unit that requires corrective action.

c. Describe How the Function is Accomplished. Describe how the job is done (How do I do the job?).

(1) List the actions (steps) taken to accomplish the functions of the assessable unit including input and output processes.

(a) If these actions (steps) are identified in an organizational manual, mission statement, SOP, etc., identify the appropriate guidance.

(b) If guidance is not available or current, the listing of actions (steps) should be summarized.

(2) Identify and describe the potential risks for fraud, waste, abuse and/or mismanagement of the assessable unit's resources (What can go wrong?).

(3) Identify the actions that reduce the risk in step 4c(2). These actions represent the internal management controls for the assessable unit.

(4) Identify those risks for which current controls are inadequate or excessive. Some risks will be obvious because there will be no control or it will be excessive. Other risks identified will require managerial judgment. Some risks may have several controls that if taken individually are inadequate, but combined act as an acceptable level of control. Identify the applicable federal government standard from appendix A to enclosure (1) of reference (d) that is not met for those risks with inadequate controls.

d. Determine if Responsibilities are being Accomplished. Test the effectiveness of the controls identified in step 4c(3) and determine if the controls are adequate (working as intended), nonexistent, weak or excessive (Am I doing the job?).

(1) Test the effectiveness of the controls and determine if the federal government internal control standards are being met. Select a representative number of transactions, reports, etc. The following testing techniques may be used:

(a) Review. Examine the selected sample for accuracy, completeness, timeliness, appropriate approving signatures and applicable supporting documents.

(b) Observation. Observe the performance of each step to determine if procedures and controls are being followed.

(c) Test document. Prepare and submit test documents to determine the effectiveness of controls. These documents could contain incomplete and inaccurate data and either a fictitious or inappropriate authorizing signature.

(d) Interview. Talk with the personnel directly involved with the assessable unit to determine their awareness of procedures, responsibilities and controls. This testing technique should be used to supplement other testing methods.

(2) Testing must be fully documented by identifying:

(a) The transactions, documents, reports, etc. used in the test.

(b) Steps and actions observed.

(c) Personnel interviewed and their assessable unit responsibilities.

e. MCR Results. Identify weaknesses discovered during the review, the corresponding corrective actions and estimated completion dates.

(1) For weaknesses identified in 4b(4), 4c(4), 4d of the review provide:

(a) A brief description of each weakness identified and actions to be taken or completed to correct the weakness.

(b) An estimated completion date for each required corrective action or actual date completed.

(2) The reporting format is provided as enclosure (6).

(3) If a particular corrective action is outside your cognizance, identify the individual, division or organization that has responsibility and provide them a copy of the review and any supporting documentation.

ENCLOSURE (4)

Format for Annual Management Control Certificate Statement
("Statement of Assurance")

Heading

SSIC
Office Code
Date

From: Commanding Officer/Director/Officer-In-Charge
To: Commanding General (Comptroller/REA)

Subj: RESULTS OF MANAGEMENT CONTROL EVALUATION AND CERTIFICATION
STATEMENT FOR (ASSESSABLE UNIT)

Ref: (a) MCO 5200.24C
(b) CCO 5200.1C

Encl: (1) Accomplishments/Material Weaknesses Identification and Corrective Actions
(2) Management Control Evaluation of _____

1. This unit has evaluated the system of internal administrative and accounting controls in effect during the fiscal year ending 31 August. The evaluation was performed per Marine Corps policy contained in the references. Internal Management Control Program accomplishments and identified material weaknesses are detailed in the enclosures.

2. (Include one of the following: I have reasonable assurance that management controls are in place and operating effectively; I have reasonable assurance that management controls are in place and operating effectively, except for the material weaknesses provided in the enclosures); or, I do not have reasonable assurance that management controls are in place and operating effectively), and the objectives of the Federal Managers' Financial Integrity Act were/were not achieved.

3. This statement is based upon the results of the enclosed management control evaluation completed by (Rank/Grade, Name, SSN) on (date) (and knowledge gained from other sources that are attached).

Signature

ENCLOSURE (5)

Format for Reporting Accomplishments/Material Weaknesses

Description of Material Weakness or Accomplishment: Provide a brief narrative summary describing the accomplishment or material weakness and its scope; i.e., local., area wide, service-wide, etc.

Functional Category: Indicate which Management Control Reporting Category (shown at Appendix B to enclosure (1) of reference (a)) is applicable to this material weakness.

Corrective Action: Summarize the corrective action planned.

Target Date: Indicate the targeted correction date.

Validation Process: Briefly explain how the effectiveness of the corrective action(s) will be demonstrated.

Results Indicators: Describe key results that have been or will be achieved. Quantitative and/or qualitative measures that determine the benefits derived or that will be derived from the corrective action(s), and the overall impact of the correction on operations should be described. If the amount of monetary benefits can be determined, it should be reported here.

Source(s) Identifying Weakness: Material weaknesses may be identified by Management Control Reviews or by any of the following Alternative Management Control Review sources: (a) DODIG audits; (b) NAVAUDSVC audits; (c) GAO audits; (d) MCNAFAS audits; (e) MCAATS or (f) other sources. Indicate the source used. When audit findings are the source of the material weakness identification, provide the title, report number, and date of the audit report that identified the weakness. If the weakness was identified by more than one source, list all identifying sources, in order of significance.

Major Milestones in Corrective Action: A milestone chart is to be provided that indicates actions taken and actions planned. It should be separated into three categories: (a) completed milestones, (b) milestones to be achieved during the next fiscal year, and (c) milestones to be achieved after the next fiscal year. Report milestones in chronological order. The final milestone reported must be the milestone associated with verification of the corrective actions. For most material weaknesses, this final milestone will consist of achieving the validation reported in the preceding item labeled "Validation Process." All planned milestones should

reflect a specific date, by month and year. The format for reporting material weakness milestones follows:

Completed Milestones: Milestone:

Planned Milestones (Next FY): Date: Milestone:

Planned Milestones (Beyond Next FY) Date: Milestone:

Point of Contact: The name and telephone number of the official responsible for administering implementation of all identified corrective actions for this material weakness.

Documentation of the MCE: See enclosure (4) of this Order for details on how to do this.

ENCLOSURE (6)

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This enclosure will contain the documentation of the MCE (MCR or AMCR as set forth in enclosure (3)

ENCLOSURE (6)